



PSC NEWS

Missouri Public Service Commission

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PSC Approves, With Conditions, AmerenUE Request To Transfer Certain Assets to AmerenCIPS

Jefferson City (October 7, 2004)---The Missouri Public Service Commission has approved, subject to certain conditions, the transfer of the Metro East, Illinois electric and gas operations of AmerenUE to an affiliated Ameren company, Central Illinois Public Service Company (AmerenCIPS).

The conditions adopted by the Commission are designed to protect AmerenUE's Missouri ratepayers by mitigating or avoiding possible detriments. The Commission determined that those conditions would result in the benefits of the transfer outweighing the possible detriments. The Commission's order states: "The Commission expressly notes that, in the absence of these conditions, the transfer would cause a substantial detriment to the public interest such that it could not be approved."

Under the application, the transaction would transfer to AmerenCIPS, the AmerenUE natural gas operations in Illinois as well as the electric transmission and distribution operations (including all electric customers) of AmerenUE in Illinois. The AmerenUE electric generation assets including those generating facilities located in Illinois would be retained by AmerenUE to provide electric service to its native load in Missouri.

If the conditions are accepted by AmerenUE and the transfer occurs, this transaction will result in AmerenUE operating solely in Missouri and subject to Missouri PSC jurisdiction.

Conditions imposed by the Commission include:

- AmerenUE and AmerenCIPS must amend the Joint Dispatch Agreement (JDA) currently in existence to: (1) allocate all electric off-system sales revenues on the basis of generation rather than load; and (2) price all intercompany energy transfers on market price rather than incremental cost. The Commission noted that if the JDA is not amended, then the transfer will indeed result in shifting costs to Missouri ratepayers in order to benefit the Ameren group as a whole. The Commission stated that it could not permit that result to occur.

- Recognizing that the transmission assets used to transmit power from the AmerenUE Illinois generating facilities to Missouri customers will be transferred to AmerenCIPS, the Commission determined AmerenUE would not be permitted to recover, in retail rates, any transmission costs associated with the transfer of these transmission facilities.

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- Until costs associated with decommissioning the Callaway Nuclear Power Plant are reviewed in 2005, AmerenUE shall continue to make all contributions to the nuclear decommissioning fund that were previously provided by AmerenUE's Illinois electric ratepayers. If AmerenUE continues to contribute the Metro East share of the decommissioning expense until September 1, 2005, the Commission considers the Decommissioning Trust Fund issues to be neither detrimental nor beneficial to the public interest.

- AmerenUE shall transfer to AmerenCIPS, all pre-closing liabilities associated with the AmerenUE operations in Illinois. In addition, AmerenUE will not be permitted to recover in retail rates, any portion of AmerenUE's pre-closing corporate liabilities (including pre-closing environmental liabilities) that would normally have been allocated to Illinois ratepayers.

The Commission's order takes effect on October 16, 2004.

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Case No. EO-2004-0108